

Message Text

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64
ACTION EB-07

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /051 W
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R 261500Z NOV 76
FM AMEMBASSY YAOUNDE
TO SECSTATE WASHDC 331
INFO AMEMBASSY ABIDJAN
AMEMBASSY DAKAR
AMEMBASSY LIBREVILLE
AMEMBASSY NAIROBI
AMCONSUL DOUALA BY POUCH

CONFIDENTIAL YAOUNDE 4546

DEPT PASS OPIC, EXIM, USDOC

E.O. 11652: GDS
TAGS: EFIN
SUBJECT: CITICORP VISIT

1. CITICORP REPS VERN STOLEN (LIBREVILLE) AND ROBERT E GRANT (NAIROBI) VISITED YAOUNDE NOV 12-13 TO DISCUSS WITH GURC OFFICIALS THE PROPOSED OPENING OF A CITICORP MERCHANT BANK IN CAMEROON (DOUALA). NEGOTIATIONS ON OPENING THE BANK HAVE BEEN UNDERWAY FOR MORE THAN TWO YEARS. PROBLEMS ARE CITICORP'S REQUIREMENT FOR 100 PER CENT OWNERSHIP IN CPKFCLICE WITH GURC'S LEGAL REQUIREMENT FOR 35 PER CENT CAMEROONIAN OWNERSHIP. CAMEROONIZATION OF DIRECTOR SLOT AND LACK OF STATUTORY AUTHORITY FOR A MERCHANT BANK ARE ALSO PROBLEMS. DISCUSSIONS WITH MINISTER FINANCE YONDO RESULTED IN CONTINUING IMPASSE. BUT CONTACTS WITH BOUBA BELLO, PRESIDENCY ASST SECT GEN AND LIBOCK OF PRESIDENCY RESULTED IN THEIR PROMISING ATTEMPT TO WORK THINGS OUT.

2. IN ADDITION TO DISCUSSIONS CONCERNING THE BANK, CITICORP
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BROUGHT ALONG A PROPOSAL FOR \$40 MILLION WORTH OF FINANCING

OF GURC HIGH-PRIORITY PROJECTS (TRANSCAM, SONG LOULOU DAM, VICTORIA PORT, OTHERS OF GURC CHOICE). IN EFFECT, CITICORP PROMISES UNDERTAKE SYNDICATION OF THE \$40 MILLION AT FOLLOWING RATES: TERM - FIVE YEARS; INTEREST RATE - LONDON INTERBANK RATE FOR DOLLAR DEPOSITS FOR THREE OR SIX MONTHS PLUS TWO AND ONE QUARTER PER CENT PER YEAR; ENGAGEMENT FEE - 0.75 PER CENT PER YEAR ON UNUSED PORTION; MANAGEMENT FEE - ONE AND ONE HALF PER CENT OF THE TOTAL OF THE LOAN PAYABLE AT TIME OF SIGNING; COMMISSION- \$10,000 PER YEAR FOR DURATION OF LOAN; FUNDS AVAILABLE FOR MAXIMUM OF TWO YEARS; REPAYMENT IN SEVEN SIMI ANNUAL INSTALLMENTS AFTER TWO-YEAR GRACE COUNTING FROM THE DATE OF SIGNING THE LOAN (LAST PAYMENT 60 MONTHS AFTER SIGNING); EARLY REPAYMENT AUTHORIZED UPON WRITTEN NOTICE AT LEAST 30 DAYS IN ADVANCE OF DATE OF PAYMENT AND CREDITED IN REVERSE ORDER TO NORMAL PAYMENTS; ALL PAYMENTS FREE OF TAXES; FRENCH LAW GOVERNS OR IF THOSE COURTS DECLARE THEMSELVES INCOMPETENT, NEW YORK LAW; BORROWER PAYS ALL EXPENSES LEGAL OR OTHERWISE INVOLVED IN THE PREPARATION, THE SIGNING, AND THE EXECUTION OF THE LOAN AND OF THE PLACING MEMORANDUM.

3. TERMS CITED ABOVE WERE TRANSLATED FROM THE FRENCH BY THE E/C OFFICER. THE PROPOSAL IS IN FRENCH.

4. COMMENT: E/C OFFICER HAS HEARD THAT CITICORP HAS MADE SIMILAR DEAL OF THIS TYPE WITH OTHER AFRICAN COUNTRIES, AND WOULD APPRECIATE ANY COMMENTS AS TO RELATIVE STANDING OF PROPOSAL HERE COMPARED WITH OTHER OFFERS.

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